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COAC TRADE MODERNIZATION SUBCOMMITTEE

1. General description

a. **Objective/Goal of the subcommittee**

The primary objective/goal of the subcommittee is to provide advice and recommendations to Customs and Border Protections (CBP) related to the trade modernization efforts of CBP. Advice will be given in the areas of the Automated Commercial Environment (ACE), the Role of the Broker initiative as well as Centers of Excellence and Expertise.

b. **Where does it fit in our trade transformation strategy?**

ACE: Modernization, Bi-directional Education, Consistency & Harmonization, Co-creation.

Role of the Broker: Consistency & Harmonization, Modernization, Co-creation, Comprehensive Trusted Trader Program, Bi-directional Education.

Centers of Excellence and Expertise: Consistency & Harmonization, Modernization, Co-creation, Bi-directional Education.

c. **Chair/Co-Chair Names**

The COAC Trade Co-Chairs are Jim Phillips, General Motors LLC and Leman (Chip) Bown, Fedex Trade Networks. The government subcommittee Co-Chairs are John Leonard, Acting Executive Director, Trade Policy and Programs, Office of International Trade, CBP and Brenda Smith, Executive Director, ACE Business Office, Office of International Trade, CBP.

d. **Number of participants from COAC**

There are 12 COAC members in this subcommittee. All members are COAC members.

2. Working groups under subcommittee

a. **ACE working group**

- i. **Goal:** To provide recommendations to the subcommittee regarding the ACE Deployment Strategy.

1. **Update:**

- a. The working group will accomplish their goal by the August meeting.
- b. The working group met once since the May 22 COAC meeting and the subcommittee has met 3 times.
- c. At the end of the COAC 12th term the ACE subcommittee submitted a White Paper that expressed their perspective and recommendation on how mandatory ACE filing should be deployed. At the last minute the 12th Term COAC decided not to put the White Paper forward because CBP had just announced that ACE would be using the Agile methodology of development and they felt that this may have an impact on their recommendations. In this quarter the 13th Term COAC ACE working group has been supplied the ACE

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Development and Deployment Schedule for consideration. The subcommittee has reviewed the 12th Term White Paper with the intention of submitting it as a formal recommendation on August 7th.

- i. Recommendation: That CBP announce definitive transition dates for the conversion from ACS to ACE and that the determination of these dates provide for a minimum transition period of 24 months.
- ii. **Goal:** To provide recommendations regarding the ACE Stakeholder Strategy and outreach plans.

1. Update:

- a. The subcommittee has accomplished its goal by supply suggestions to the ACE Business Office.
- b. The working group met once since the May 22 COAC meeting and the subcommittee has met 3 times.
- c. The trade co-chair divided the ACE Stakeholder Strategy Matrix into parts by industry and distributed them to COAC members that represent each of the industries. COAC members have responded with enhanced descriptions. It was suggested that Sureties, Foreign Trade Zones and Software Developers be added to the list. Obtaining comments from these industries is the final step to be taken by the working group. Preliminary results have been supplied to the ACE Business Office. Formal recommendations are not expected.

b. Role of the Broker

- i. **Goal:** To draft criteria that CBP should consider when selecting entities that will accredit continuing education.

1. Update:

- a. The working group has supplied recommendations to the subcommittee.
- b. The working group met once since the May 22 COAC meeting and the subcommittee has met 3 times.
- c. The working group will submit two recommendations.
 - i. It is recommended that there should be a continuing education component to the customs brokers license of a minimum of 40 hours of continuing education (over the 36 month reporting period) – with the easily achievable requirement of a minimum of one hour of education per month. The COAC recommends that a minimum of 32 hours of continuing education must be accredited, and that a

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maximum of 8 hours of education may come from non-accredited education providers.

- ii. It is recommended that the reporting of the continuing education should be tied into the triennial reporting of the Licensed Customs Broker. This consolidated reporting will remove a separate reporting; and the timing will make compliance easier. It is further recommended that the reporting of the license holder and the reporting of continuing education be done together in ACE. This will help eliminate any issues CBP has with the current reporting program, and make compliance easier for customs brokers as well. It is recommended that CBP take a measured, commercially reasonable approach to the 40 hour continuing education requirement for customs brokers wishing to re activate a license that is inactive

- ii. **Goal:** The working group will develop a list of activities/opportunities already taking place locally/regionally/nationally that could or should be considered continuing education.

- 1. **Update:**

- a. The working group has supplied a list of local, regional and national education opportunities.
 - b. The working group met once since the May COAC meeting and the subcommittee met 3 times.

- iii. **Goal:** The working group will review a draft framework document on Bona Fides and supply recommendations.

- 1. **Update:**

- a. The working group received the draft framework on Bona Fides on July 3rd.
 - b. The working group continues to work on making recommendations regarding importer Bona Fides as it relates to the role of the customs broker and plans to discuss customs broker permit modernization.

- c. **Centers of Excellence and Expertise:**

- The subcommittee participated in a webinar that reviewed the results of the Centers of Excellence and Expertise survey. No recommendations are expected from the subcommittee.

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3. Highlights

Accomplishments

- i. The ACE working group delivered the results of a useful ACE software vendor survey in time for the NCBFAA sponsored ACE software vendor conference which took place in Baltimore on May 21, 2013. Over 100 software vendors and Customs Brokers were in attendance.
- ii. Additional categories of ACE Stakeholders were added to the ACE Stakeholder Strategy by the ACE working group along with additional commentary on stakeholder concerns and viewpoints.
- iii. The Role of the Broker working group has supply suggestions to the ACE Business Office and will present recommendations regarding Continuing Education.
- iv. The Role of the Broker working group has provided a list of suggestions to consider when selecting accrediting entities.